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29 July 1954

MEMORANDUM FOR: Special Assistant to the Director
for Planning and Coordination

SUBJECT: Memorandum of Conversation with
Mr. Lyman Hamilton, Bureau of
the Budget

1. Mr. Hamilton called me this date to inquire of CIA's plans respecting "International Communism" and NIS financing. He said Mr. Perry, Bureau of the Budget, had indicated that these two problems had been raised in connection with the USIA Survey and that proposals for their solution would necessarily be of interest to the Bureau of the Budget.

2. I ascertained that Mr. Hamilton had received the Bureau of the Budget's copy of the letter from [redacted] to Director Streibert transmitting the Bureau of the Budget's comments on the USIA Survey.

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3. I informed Mr. Hamilton that there were no concrete proposals yet phrased to tackle the problems about which he had inquired. I informed him that Mr. Dulles had on Friday, 23 July (the same date he transmitted the USIA Survey Report to Director Streibert) written Mr. Armstrong to the effect that NSCID-3 warranted reexamination. I further informed Mr. Hamilton that such a reexamination would have as its major purpose a reappraisal of the practicability of the present assignments of responsibility for producing intelligence, and that the problem of producing intelligence on "International Communism" was a concrete example of the general problem involved. I suggested that methods of financing NIS would inevitably be reconsidered in connection with any NSCID-3 reexamination, since it is NSCID-3 which establishes the NIS program. I told him

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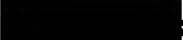
that in my opinion there would be no quick solution to this entire problem, given the complexity of its parts and the basic nature of the proposed reexamination.

4. Mr. Hamilton said that the Bureau of the Budget's primary concern was that proposals growing out of the reexamination be considered in connection with the preparation this fall of the fiscal year 1956 budget in all cases where budget problems are intermixed with the proposals.

5. I assured Mr. Hamilton that all those concerned with any such reexamination would indeed have in mind the necessity of remembering the budgetary aspects. I added that all parties involved would undoubtedly seek and benefit from appropriate Bureau of the Budget advice at appropriate junctures, particularly in the case of the vexing financial arrangements (e.g., for State NIS production) sometimes called "subsidy," "reimbursement," or "transfer of funds."

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Office of the Special Assistant
to the Director
for Planning and Coordination

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